

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4322-04  
Bill No.: SCS for HB 1094  
Subject: Credit and Bankruptcy; Telecommunications; Administration, Office of; State  
 Departments  
Type: Original  
Date: April 30, 2012

Bill Summary: This proposal changes the law regarding certain financial transactions.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
All State Funds	(Unknown over \$100,000)	(Unknown over \$100,000)	(Unknown over \$100,000)
MODEX Fund	\$360,345	\$432,414	\$432,414
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$360,345 to (Unknown over \$100,000)</b>	<b>\$432,414 to (Unknown over \$100,000)</b>	<b>\$432,414 to (Unknown over \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$360,345</b>	<b>\$432,414</b>	<b>\$432,414</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 37.007 State Payment System**

Officials at the **Alcohol & Tobacco Control, Capitol Police, Department of Labor and Industrial Relations, Department of Revenue, Department of Social Services, Fire Safety, Missouri Department of Transportation, Missouri Gaming Commission, Missouri Highway Patrol, Missouri Veterans Commission, Office of Attorney General, Office of State Courts Administrator, Office of the State Auditor, Office of the State Public Defender** and the **State Emergency Management Agency** assume there is no fiscal impact from this proposal.

In response to a previous version of this proposal, officials at the **Office of State Treasurer** assume a loss to the state from the payment of fees per the contracts. All state funds would be affected and the projected loss to the state would be unknown but over \$100,000.

In response to a previous version of this bill, officials at the **Office of Administration** stated this proposal would have no fiscal impact.

Officials at the **Department of Corrections** assume that OA-ITSD would purchase and implement all equipment components necessary for the electronic payment acceptance program on behalf of the state agencies and therefor the impact would be reported by Office of Administration.

Officials at the **Department of Economic Development** assume the department receives payments from many different sources in small and large amounts. It is unclear if the department would be able to recoup surcharge expenses charged by the third party for processing the electronic payments or if the department would be allowed to pass this cost on to its customers. The department anticipates costs in excess of \$100,000 for the equipment needed to process payments.

Officials at the **Department of Higher Education** assume that if Office of Administration is responsible for all costs associated with this proposal then there would be no fiscal impact on the department.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal could be handled with existing resources, however should cost be more than anticipated, the department would request an increase in appropriations.

ASSUMPTION (continued)

Officials at the **Department of Mental Health** assume it is difficult to estimate a fiscal impact; however, depending on how this legislation is implemented, it could have either very little fiscal impact to the department or a significant fiscal impact. If the use of the commercial card for payments is implemented and made mandatory, agencies could see an increased cost of goods and services as vendors pass that expense on to their customers. Also, if a third party contractor is utilized to process the electronic receipts, it is unknown how their fees will be structured. It is impossible to anticipate the potential cost to the state agencies without knowing how the contract and fee structure are implemented; therefore, the fiscal impact is an unknown cost.

Officials at the **Department of Natural Resources** assume the department currently uses the State of Missouri's procurement card for many purchases less than \$3,000. Many times there is no cost to the department to use the procurement card, but on occasion, vendors will charge the department a convenience fee. If the fee is significant, the department may opt to not use the procurement card, but rather to pay the vendor directly.

The department currently accepts credit card payments from customers for services or commodities, but not in all cases. The department pays credit card vendor fees, which are sometimes passed on to the customer. Should the proposed legislation pass, the department assumes it would need to decide whether to pass the credit card fees on to all customers or request a General Revenue appropriation to cover the cost of the service.

The department assumes resources from the commissioner of the Office of Administration will be used to establish the statewide commercial payments system or contract.

Officials at the **Department of Elementary and Secondary Education** assume right now there is a statewide vendor who we work with to accept GED and teacher certification credit card payments; the vendor supplies us with the revenue each day and we deposit it into the state system. To make this mandatory for all programs would require quite a lot of work on each program's account to get it set up. Payments are mostly made electronically. All payroll except hourly folks get an ACH. Vendors mostly get an ACH unless they are new or changing their bank statements. If mandated, then it would just be a matter of getting all vendors to complete the vendor banking information form. Therefore, it would take a lot of time and effort for staff to implement this; but there would appear to be no fiscal impact.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for

ASSUMPTION (continued)

this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

**Oversight** assumes that all the state funds would be affected by the payment of the fees per the contracts. For the simplicity of the fiscal note, Oversight will show the loss to All State Funds.

**Section 205.042 County Health Departments**

Officials at the at the following health departments: Adair County Health Department, Audrain County Health Unit, Boone County Dept of Public Health and Human Services, Cass County Health Department, Harrison County Health Department, Henry County Health Center, Jefferson County Health Department, Linn County Health Department, Madison County Health Department, McDonald County Health Department, Miller County Health Center, Morgan County Health Center, Nodaway County Health Center, Platte County Health Department, Putnam County Health Department, Randolph County Health Department, Reynolds County Health Center, Ripley County Health Center, Shelby County Health Department, St Francois County Health Center, Tri-County Health Department did not respond to **Oversight's** request for fiscal impact.

**Oversight** assumes this proposal is permissive and would not have an impact on state or local funds.

**Section 488.5320 MODEX**

Officials at the **Jefferson City Police Department** and the **Springfield Police Department** assume there is no fiscal impact from this proposal.

Officials at the **Office of State Courts Administrator** assume the proposal would establish the MODEX fund and deposit one-half of the charges collected by traffic violations bureaus into the MODEX fund to support operational costs. It is assumed most counties will establish an inmate

ASSUMPTION (continued)

security fund and that the traffic violations bureau is the Fine Collection Center. Based on FY 2011 data, there were approximately 144,138 traffic cases on which one-half of the \$6.00 surcharge could be applied. We anticipate the MODEX revenue from the surcharge would be approximately \$432,414 in any given year.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**ALL STATE FUNDS**

<u>Loss</u> - fees paid for the collection of the payments	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>	<u>(Unknown over \$100,000)</u>
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<b>ESTIMATED NET EFFECT ON ALL STATE FUNDS</b>	<b><u>(Unknown over \$100,000)</u></b>	<b><u>(Unknown over \$100,000)</u></b>	<b><u>(Unknown over \$100,000)</u></b>
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**MODEX FUND**

<u>Income</u> - \$6 surcharge for infractions processed through the traffic violations bureau	<u>\$360,345</u>	<u>\$432,414</u>	<u>\$432,414</u>
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<b>ESTIMATED NET EFFECT TO THE MODEX FUND</b>	<b><u>\$360,345</u></b>	<b><u>\$432,414</u></b>	<b><u>\$432,414</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**COUNTIES**

<u>Income</u> into the counties' inmate security fund from \$6 surcharge for infractions processed through the traffic violations bureau	<u>\$360,345</u>	<u>\$432,414</u>	<u>\$432,414</u>
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<b>ESTIMATED NET EFFECT TO COUNTIES</b>	<b><u>\$360,345</u></b>	<b><u>\$432,414</u></b>	<b><u>\$432,414</u></b>
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### FISCAL IMPACT - Small Business

Small businesses may be effected by the new payment system.

### FISCAL DESCRIPTION

This act requires the Commissioner of the Office of Administration, to instruct state agencies to use a statewide commercial payments system or contract with a third party to make payments by commercial payment card within 6 months of August 28, 2012. Alternatively, where such cards are not accepted, payments are to be made by automated clearing house, check, or other electronic methods designated by the commissioner.

This act allows a county health center to make payments approved by its board of health center trustees through an electronic funds transfer system. Under current law, a center may only make payments using approved vouchers of the board.

Currently sheriffs, county marshals and other officers are not allowed to charge for their services rendered in cases disposed of by a traffic violations bureau. This act allows these official to charge six dollars for their services. One-half of the amount collected will be deposited in the MODEX fund. The other half will be deposited in the inmate security fund of the county or municipality where the citation originated. If the county or municipality does not have an inmate security fund, all of the amount collected shall be deposited in the MODEX fund.

This act creates the MODEX fund. The fund will be used for the support and expansion of the Missouri Data Exchange (MODEX) system. The Peace Officers Standards and Training Commission will administer the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

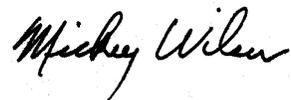
### SOURCES OF INFORMATION

Alcohol & Tobacco Control  
Capitol Police  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations

JH:LR:OD

SOURCES OF INFORMATION (continued)

Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Fire Safety  
Jefferson City Police Department  
Missouri Department of Transportation  
Missouri Gaming Commission  
Missouri Highway Patrol  
Missouri Veterans Commission  
Office of Administration  
Office of Attorney General  
Office of the Secretary of State  
Office of State Courts Administrator  
Office of the State Auditor  
Office of the State Public Defender  
Office of State Treasurer  
Springfield Police Department  
State Emergency Management Agency



Mickey Wilson, CPA  
Director  
April 30, 2012